



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-5000

OFFICE OF PUBLIC AND INDIAN HOUSING

January 28, 2014

Dear Executive Director

**Subject: Get Ready Letter 2014 – Housing Choice Voucher Program**

The purpose of this letter is to assist your public housing agency (PHA) to prepare for the administration of your Housing Choice Voucher (HCV) Program in CY (calendar year) 2014. Please review this letter carefully and share it with your Section 8 Housing Choice Voucher Director and your Chief Financial Officer.

**2014 HCV Funding**

On January 17, 2014, the President signed into law HR. 3547 – Consolidated Appropriations Act, 2014 (the 2014 Act), which established the appropriations for HUD for FY (fiscal year) 2014. PHAs should review this law, which can be found at <http://beta.congress.gov/bill/113th-congress/house-bill/3547>.

Under the 2014 Act, \$17.3 billion has been appropriated for HCV renewal funding allocations, which will be based on eligible housing assistance payments (HAP) costs and leasing as reported in the Voucher Management System (VMS) for CY 2013 (January 2013 through December 2013). Based on preliminary data, HUD anticipates that this funding will allow renewal funding for HAP to be pro-rated at approximately 99 percent of each PHA's eligibility. At the same time, \$1.5 billion has been appropriated for PHA administrative fees for 2014, an increase from 2013 funding levels. HUD anticipates that this funding will allow administrative fees funding to be pro-rated at approximately 75%. Congress also appropriated \$130 million for tenant protection actions, \$75 million for VASH vouchers, and \$106 million for Mainstream 5 Year (Elderly-Disabled vouchers) Program.

Please keep in mind that the January and February HAP funding, HAP disbursements and administrative fee disbursements do not reflect the impact of the 2014 Act's appropriations.

**2014 Set-aside and Offset Authority**

The 2014 Act provides that \$75 million of the renewal appropriation will be made available under the HAP Set-Aside, for the same categories as stipulated for 2013.

In addition, the 2014 Act provides new authority for the Department to offset PHAs' 2014 allocations based on excess amounts of NRA and/or Program Reserves. Should an offset be implemented, the Department will use these funds to prevent the termination of families as a result of insufficient funding, or to avoid or reduce the need for proration of renewal allocations. Further information will be forthcoming if the Department determines that an offset will take place.

**Please be advised of the following critical deadlines:**

1. **January 22, 2014** – Deadline date for PHAs to report their December 2013 leasing and HAP expenses in VMS.
2. **February 22, 2014** – Deadline date for PHAs to report their January 2014 leasing and HAP expenses in VMS.
3. **February 24, 2014** – Deadline date for PHAs to report all changes to CY 2013 leasing and HAP expenses in VMS (re-validation period) for purposes of HUD's calculation of renewal eligibility. PHAs are reminded that changes to prior months' data may require their Financial Analyst to review data that fails the hard edits in VMS; therefore, HUD strongly recommends that PHAs start reporting changes to the CY 2013 data immediately. PHAs are reminded of the provisions of PIH Notice 2013-28, concerning the sources of funds which may and which may not be used to support HCV Program HAP costs. Costs supported by prohibited sources of funds may NOT be reported in VMS, unless supported by the exception described PIH Notice 2013-28 and approved by HUD. Any VMS reporting adjustments needed as a result of the clarifications in this notice must be entered by the February 24 deadline.
4. **February 24, 2014** -- NRA balances reported by the PHAs in VMS as of 12/31/2013 will be extracted from VMS and, after review and initial validation, will be used, along with the total of HUD-held program reserves, as the basis for HUD's determination of any funds available from the PHA for re-allocation in CY 2014. Any amount determined to be available for re-allocation will be deducted from the PHAs CY 2014 renewal allocation. These balances will also be used to determine the amount of the initial conversion of NRA to HUD-held program reserves. The amount reported and verified as the NRA as of 12/31/2013 will be reduced by the amount of NRA, if any, that was used subsequent to 12/31/2013 for legitimate HAP expenses. The resulting balance that is not designated for re-allocation will either be remitted by the PHA or be collected in installments during FY 2014. The Department will add these funds to the established HUD-held reserves, which will be available to the PHA for current and future legitimate HAP expenses. Instructions for PHAs to remit or guidance on HUD collections of the NRA balances will be provided under separate cover in the near future.

It is very important for PHAs to note that the self-reported 12/31/2013 NRA balance in VMS is subject to review, audit and confirmation and to ensure that the balance reported represents the actual NRA balance at 12/31/2013. When deemed necessary, the Housing Voucher Quality Assurance Division (QAD) staff will conduct onsite validations of the reported NRA balances, specifically in those cases where the PHA-reported balance differs materially from the HUD-calculated balance. QAD may also review to ensure that cash and investments support the NRA balances. It is recommended that PHAs start conversations with their financial institutions to avoid penalties for early withdrawal of cash held in investments, if the NRA is held in accounts with such penalties.

If you have any questions concerning this letter, please contact your local HUD field office or the FMC Financial Analyst assigned to your agency.

Sincerely,

Miguel A. Fontáñez

Digitally signed by Miguel A. Fontáñez  
DN: CN = Miguel A. Fontáñez, C = US, O = Housing  
Voucher Financial Management Division, OU = Director  
Reason: I am approving this document

Miguel A. Fontáñez  
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